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National Intelligence Bulletin

State Department review completed

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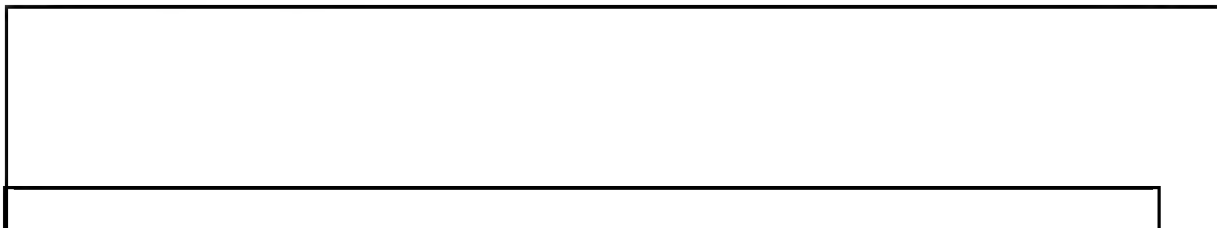
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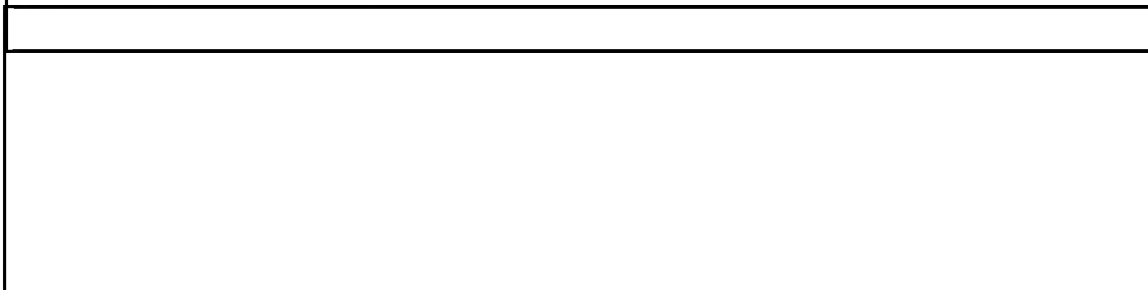
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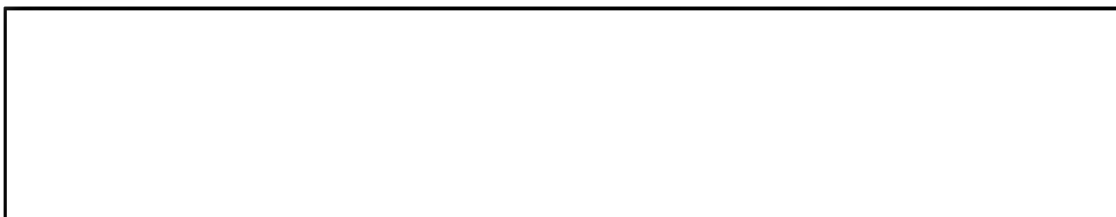
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USSR-US

Moscow is playing up the results of the summit meeting, with special emphasis on the broad support given to detente in the US.

Following the line set by party chief Brezhnev in his statement to the press on June 28, Soviet news media are characterizing President Nixon's visit as a further demonstration of the inflexible resolve of both sides to continue the course laid out in decisions and documents adopted over the past few years. One radiobroadcast maintained that the importance of the summit stemmed not from the number of agreements signed but from its contribution to "maintaining the momentum" of improving relations. Soviet news commentators have called the summit's accomplishments significant and have contrasted the results of the President's trip with the "pessimistic" predictions that appeared in the US press on the eve of the Moscow meeting.

Moscow has described the personal roles of the President and Brezhnev in making the summit a success, but the Soviets have also stated that the policy of detente is dictated by US national interests and is independent of "political parties or different personalities." Simultaneously, the Soviets have been showing increased appreciation of Congress' role as registered in Brezhnev's dinner speech on July 2, and have been soft-pedaling their earlier line that opposition to the President on Watergate-related matters is virtually synonymous with opposition to detente.

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CHINA-US

China's coverage of President Nixon's trip to Moscow has been sparse and factual, much like Peking's treatment of past US-Soviet summit conferences. The Chinese press made no direct mention of the summit until its conclusion, and then broadcast only a brief, factual account noting that the President was accompanied by Secretary Kissinger, had exchanged views with the Soviets, and had signed three agreements.

The PRC-controlled press in Hong Kong has been more openly critical. One newspaper claimed that the lack of agreement on limiting offensive nuclear weapons meant that the US-Soviet arms race is certain to intensify, and that the agreement limiting underground nuclear testing was designed by Moscow and Washington to maintain a nuclear monopoly. A columnist stationed in Peking wrote that China still believes US-Soviet detente is impossible and is only a smokescreen for continued confrontation. These are all long-standing Chinese positions.

Throughout the period of the summit, Peking devoted a good deal of attention to Senator Henry Jackson who was in China at the time. Chou En-lai, absent from public view for more than a month, met briefly with Jackson, as did Vice Premier Teng Hsiao-ping. Vice Foreign Minister Chiao Kuan-hua talked with the Senator for several hours.

As with other American political figures visiting China, the Peking press avoided characterizing Jackson's views. The PRC-owned Hong Kong press, on the other hand, published several stories on Jackson as a possible presidential contender and an administration critic who is skeptical of detente with Moscow and disarmament prospects.

Members of Jackson's party told the US liaison office that Teng and Chiao were "very positive" about Sino-American relations during private conversations. The two leaders did not indicate any specific problems in Chinese dealings with the US, and Chiao himself led an impressive turnout of some 130 Chinese officials at an Independence Day reception at the US mission in Peking.

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CHINA

Premier Chou En-lai is in the hospital. In a rare acknowledgement of the health problems of a Chinese leader, the official news agency announced that Chou met with Senator Henry Jackson in the hospital yesterday.

The news release was carried in Chinese, which means the local populace will be informed of Chou's whereabouts. The Premier had not made a public appearance since May 31, touching off rumors within China and abroad about his political and physical health. On July 4, official Chinese spokesmen branded as "sheer fabrication" foreign press reports that the Premier's health was in a "critical" state.

Coming on the heels of this denial, the official admission that Chou met a foreign visitor in the hospital reinforces the impression that the Premier is not presently incapacitated. Nevertheless, it does confirm earlier indications that ill health has been a factor in the reduction of Chou's ceremonial duties.

[REDACTED]

[REDACTED] His meeting with Senator Jackson reportedly lasted a half hour. According to AFP, Senator Jackson found Chou to be "sharp as a tack" and well-briefed on the Senator's earlier discussions with Chinese officials. [REDACTED]

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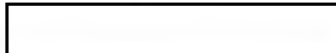
CANADA

Canada's election on July 8 is not likely to produce a clear majority for either of the two principal parties. Prime Minister Trudeau's Liberals appear to have a slight edge, but there are large numbers of undecided voters whose last minute support could give the Progressive Conservatives a parliamentary plurality.

Despite harsh campaign rhetoric, the frenetic travel of party leaders, and a flood of television and radio advertisements, the electorate has not displayed any great interest in the campaign. Inflation has been the number one issue, but the voters seem skeptical about the solutions offered. In the absence of any other important issues on which the parties can attract votes, the campaign has begun to focus on leadership abilities. Even in this area, however, the personalities are old faces and less than credible to many voters. The Prime Minister has not recaptured the "Trudeaumania" that swept the country in 1968, although he has been more successful than he was in 1972. Tory leader Robert Stanfield has never had much charisma; and New Democratic leader David Lewis' attacks on Trudeau are less effective following his party's informal 18-month alliance with the Liberal government.

Since 1957, five of the seven national elections have resulted in minority administrations. The two exceptions--John Diefenbaker in 1958 and Trudeau in 1968--occurred because of the electorate's initial attraction to a new and dynamic political personality.

The absence of a stable majority government in Ottawa is likely to persist for the near future. Public opinion polls show that Canadians, by a two-to-one ratio, believe that a minority government is good for the country, and the generally commendable legislative record of the minority Trudeau government should reinforce this view.



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IRAN

Tehran's notification to the Consortium of Western oil firms to scale down long-term production plans was probably done mainly to stretch out Iran's oil reserves.

The move will not affect Iranian production for the next year or so. The Consortium is currently producing 5.9 million barrels per day and expects to reach 6.5 million during the last quarter of 1974. The National Iranian Oil Company formally notified the Consortium this week that capacity will be limited to 7.2 million barrels per day and production to 6.5 million.

The order does not apply to joint-venture producers. Production from these operations is presently 485,000 barrels per day and is scheduled to rise to over 800,000 barrels per day by 1978.

Tehran's decision almost certainly is not related to the current oversupply in the market. The Shah has been concerned for some time about the potential rapid decline in Iran's production which should begin in the mid- to late 1980s. Enormous oil price increases since late last year have given Tehran more revenue than even the Shah's ambitious development plans and military spending can absorb. This situation apparently has enabled the Shah to modify his former policy of maximizing production and revenues in the short-term to one of stretching out reserves and revenues. [REDACTED]

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THAILAND

An uneasy calm has been restored in Bangkok after the third night of violence, which local observers have dubbed the "Chinatown street war." Prime Minister Sanya yesterday told newsmen that Chinese motorcycle gangs were behind the violence and that he would continue to use all necessary force to restore law and order.

Despite the loss of at least 20 lives, the riots do not now pose any serious threat to the Sanya government. They appear to represent an eruption of police-gang tensions in a traditionally troubled part of the city, and are not indicative of a broad popular protest against the authorities.

The continuation of the rioting, however, posed the danger that increased police-inflicted casualties could attract student and labor support for the rioters. In an apparent effort to prevent such an occurrence, Bangkok student leaders today publicly disavowed student concern in the incident and called for a speedy return to peace and order.

Sanya's willingness to get tough with the rioters, rather than negotiate with them, is sure to be welcomed by senior army and police officers. There has been a growing sense of frustration within the Thai military over Sanya's reluctance to stand up to the demands of various pressure groups in recent months. Indeed, these critics are likely to point to Sanya's permissive policies as an important contributing factor in the recent breakdown in law and order.

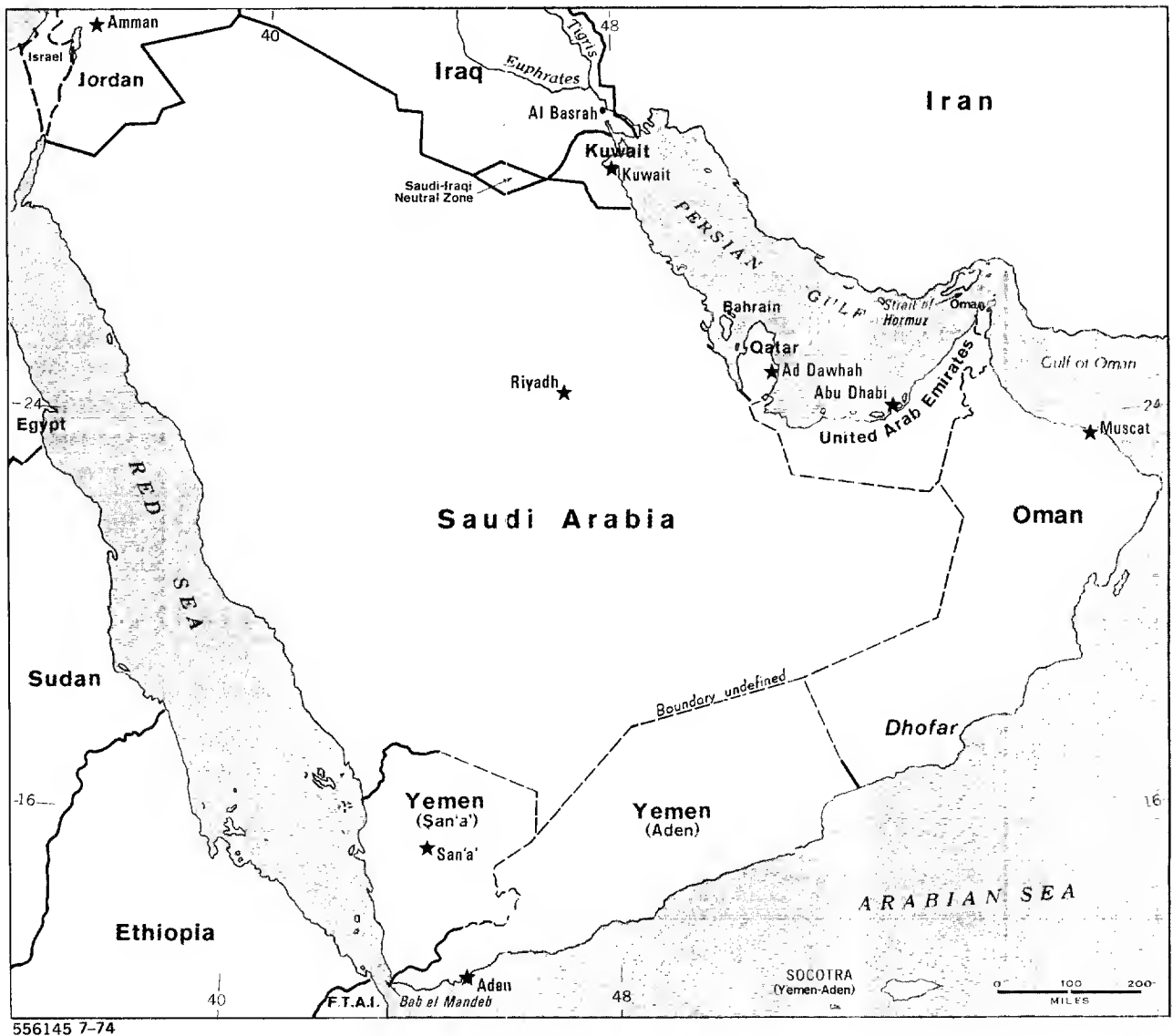
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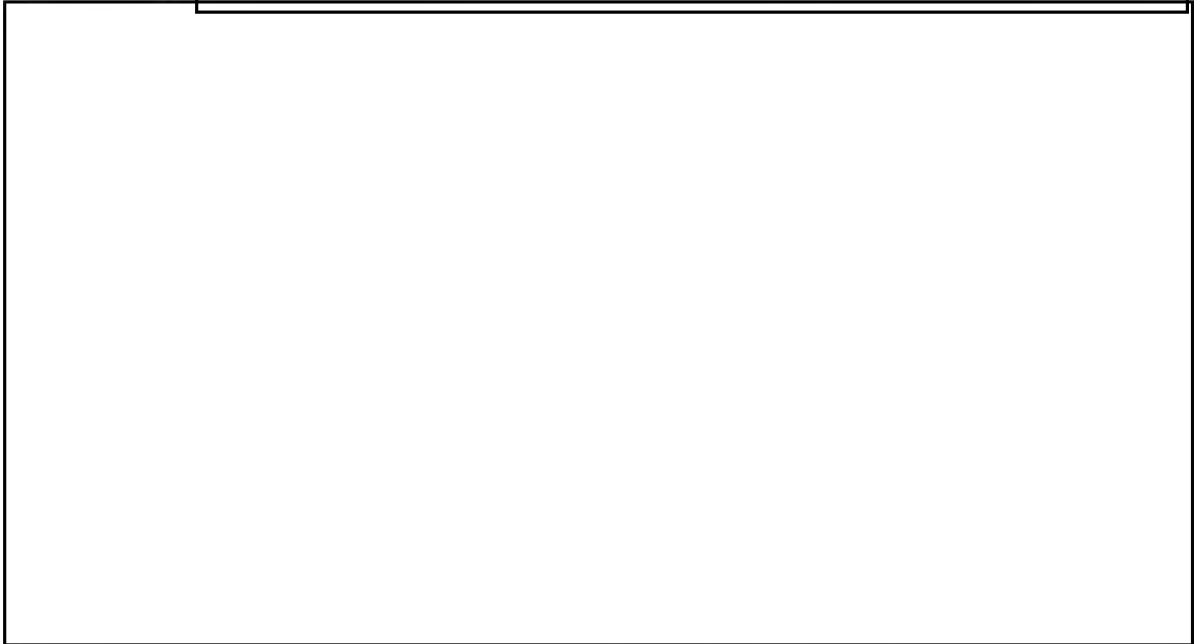
FOR THE RECORD

USSR - Persian Gulf: The Soviet navy continues to be active in the Persian Gulf. A second fleet mine-sweeper has been patrolling in the gulf for over a week; the first arrived in early June. The Soviet navy has had ships on continuous patrol in the gulf since early May/

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The minesweepers have probably made port visits to the Iraqi port of Al Basrah, where a Soviet naval repair ship has been located for several months.

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USSR-Somalia: President Podgorny will visit Somalia next week, apparently to try to consolidate relations. The Soviets have given substantial military and economic assistance to Somalia in return for access to the Somali port facilities at Berbera.

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